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DIV OF OIL GAS & MINING

Joe,

I have been retained by Hecla Mining Company to secure documents relating to a land transfer between the U.S. Dept. of Interior-BLM and the State of Utah. The property in question is situated in Iron County, Utah and more particularly described as follows:

The S1/2 of SW1/4; SE1/4 of NE1/4; and E1/2 of SW1/4 of NE1/4; all of Section 2,
Township 36 South,
Range 17 West, Salt Lake Base and Meridian, Iron County, Utah.

It is my understanding that the State of Utah sold this property to Hecla Mining Company prior to the State of Utah actually having clear title to this land. The property dispute concerning the issue of clear fee title still remains to be resolved between BLM, SITLA, and Hecla. As you know, Hecla sold this property to Dixie Cable in 1998 and the land use had been changed from mining to industrial. However, because it appears the property transfer from BLM has not occurred, the State of Utah, Division of Oil, Gas, and Mining, denied Hecla Mining's alternate post mining land use.

Hecla has been attempting to get this property dispute resolved for some time--April 1999. Hecla Mining has attempted to negotiate the resolution of this issue with BLM and the State of Utah in good faith but to no avail. While this may not be a high priority for BLM, I can assure you, it is for Hecla. The procedure, as I understand it, is for the BLM to survey the mining claims and convey to the State all of the section which was unencumbered by mining claims.

While this problem was not created by Hecla, the company seems to be caught in the middle of two agencies, BLM and the State of Utah, Division of Oil, Gas, and Mining and the resolution of the matter appears to be left up to Hecla. Obviously Hecla has a financial interest in collecting their surety bond; however, both the State of Utah and BLM have a responsibility to assist in clearing up the title issue.

I would like to request an update on where BLM is in the process of resolving this land dispute and what it will take to elevate and expedite the issue. What, if anything, can Hecla do to assist in bringing this issue to closure? If BLM is unable or unwilling to expedite the issue, is there an option for mediation or appeal that Hecla could pursue to bring this to closure?

Thank you for your help and your time. I hope to be hearing from you soon.

I will follow this e-mail with a formal letter of request. I have left you a couple of voice mail messages, but if you would like to contact me by telephone, please feel free to call me at 208 454-6634 or cell 208 573-1868.

Regards,

Donna West, AICP